

06/21/2007

INSTRUCTIONS & FREQUENTLY ASKED QUESTIONS

Surplus Lines Licensure & Reporting

LICENSURE REQUIREMENTS:

- **Resident**
 - An individual or business entity must hold an Indiana property & casualty producer license before he/she can apply for a surplus lines license.
 - Resident applicants are required to take a test for Surplus Lines and submit the original passing score report with their application. Testing information is available through the Department's website at www.in.gov/idoi by clicking on Producers and scrolling down to *Examination Fact Sheet*.
 - The individual must provide their property and casualty license at the test site in lieu of a pre-licensing certificate.
 - A resident business entity must identify at least one licensed surplus lines producer before the entity can be licensed for surplus lines. If more than one individual is named, each individual must be licensed in Indiana as a surplus lines producer.
 - **Effective July 1, 2007:**
 - surplus lines licenses change from a one-year license to a two-year license;
 - resident applicants are no longer required to submit a surplus lines tax guarantee bond in the amount of \$20,000; and
 - the license or application fee increased from twenty dollars (\$20) to eighty dollars (\$80) for resident producer/business entity applicants.
- **Non-Resident**
 - A non-resident individual or business entity must hold an Indiana property & casualty producer license before he/she can apply for a surplus lines license.
 - A non-resident applicant may not apply for a surplus lines license in Indiana unless currently licensed for surplus lines authority in their home state.
 - A non-resident business entity must identify at least one licensed surplus lines producer before the entity can be licensed for surplus lines. If more than one individual is named, each individual must be licensed in Indiana as a surplus lines producer.
 - **Effective July 1, 2007:**
 - surplus lines licenses change from a one-year license to a two-year license; and
 - the license or application fee increased from twenty dollars (\$20) to one-hundred twenty dollars (\$120) for non-resident producer/business entity applicants.

INITIAL LICENSURE PROCEDURES

- **Electronic**
 - As of September 2006, applicants may apply for a surplus lines license electronically through the SIRCON website which is available at www.sircon.com/indiana , additional fees may apply.
 - Resident surplus lines applicants must submit the surplus lines exam score report. The score report must be sent via mail.
 - If one or more of the background questions is answered "YES", additional documentation is required, please mail to:

Indiana Department of Insurance
Surplus Lines Coordinator
311 W. Washington Street, Suite 300
Indianapolis, IN 46204-2787
Phone: (317) 233-9998
Fax: (317) 232-5252
Email: dfuller@doi.state.in.us

- **Hardcopy/Paper**

- The applicant may choose to submit the surplus lines application in hardcopy rather than electronically through SIRCON.
- Applicants must provide the following before obtaining a surplus lines license:
 - A completed, originally signed and dated application. The application is available on the Department's website at <http://www.in.gov/doi/producers/> under "Applications - Surplus Lines Agent/Broker."
 - If your state participates in the NAIC's producer database, a certification letter is not required.
 - License fee of twenty dollars (\$20) for resident applicants or one-hundred twenty dollars (\$120) for non-resident applicants, made payable to the Indiana Department of Insurance.
 - Resident surplus lines applicants must include an original passing 'Score Report'. Information addressing how to obtain the 'Score Report' may be obtained from the 'Examinations Fact Sheet' which is available on the Department's website at www.in.gov/doi by clicking on Producers and scrolling down to *Examination Fact Sheet*.
 - Provide a signed "Affidavit Regarding Monthly Affidavits & Semi-Annual Tax Filings". The form is available on the Department's website at <http://www.in.gov/doi/producers/> under "Applications - Surplus Lines Agent/Broker."
- Please send the application with attachments to the address listed above.
- A ten dollar (\$10) fee will be charged for a duplicate license upon written request.
- Once the surplus lines license has been issued, surplus lines producers are required to submit filings on a monthly, semi-annual and annual basis. (Please review the instructions for "REPORTING")

RENEWAL PROCEDURES:

Newly licensed surplus lines producers will have their renewal month synchronized with their producer license renewal month. Please bear in mind that it could be a four year process until they are synchronized as a result of the producer license changing from a four year license to a two year license.

Example 1: Producer is newly licensed in April of 2007 and the license issued has an expiration date of April 2011. Producer obtains a surplus lines license in September of 2007, which would have an expiration date of September 2009 that will be revised to reflect an expiration date of April 2009. The surplus lines producer will have a surplus lines renewal in 2009 and then will have a producer and surplus lines renewal in 2011.

Example 2: Producer has a renewal date of May 2010. Producer obtains a surplus lines license in September of 2007, which would have an expiration date of September 2009 that will be revised to reflect an expiration date of May 2010. The surplus lines producer will

have a producer and surplus lines renewal in 2010.

Example 3: Producer has a renewal date of June 2009. Producer obtains a surplus lines license in September of 2007, which would have an expiration date of September 2009 that will be revised to reflect an expiration date of June 2009. The surplus lines producer will have a producer and surplus lines renewal in 2009.

Example 4: Producer has a renewal date of March 2008. Producer obtains a surplus lines license in September of 2007, which would have an expiration date of September 2009 that will be revised to reflect an expiration date of March 2010. The surplus lines producer will have a producer and surplus lines renewal in 2010.

For the surplus lines licenses expiring December 31st, renewal notices will be mailed to all surplus lines producers in late October. Once the renewal notice has been received, surplus lines producers may renew their licenses electronically or submit a hardcopy of the application and attachments to the Department.

- **Electronic**

- **Effective July 1, 2007:**

- surplus lines licenses change from a one-year license to a two-year license;
 - resident applicants are no longer required to submit a surplus lines tax guarantee bond in the amount of \$20,000;
 - the license or application fee increased from twenty dollars (\$20) to eighty dollars (\$80) for resident producer/business entity applicants; and
 - the license or application fee increased from twenty dollars (\$20) to one-hundred twenty dollars (\$120) for non-resident producer/business entity applicants.

- Surplus lines producers may renew their licenses electronically through the SIRCON website available at www.sircon.com/indiana, additional fees may apply.
 - If one or more of the background questions is answered "YES" since the last renewal date, additional documentation is required, please mail to:

Indiana Department of Insurance
Surplus Lines Coordinator
311 W. Washington Street, Suite 300
Indianapolis, IN 46204-2787
Phone: (317) 233-9998
Fax: (317) 232-5252
Email: dfuller@idoi.in.gov

- **Hardcopy/Paper**

- **Effective July 1, 2007:**

- surplus lines licenses change from a one-year license to a two-year license;
 - resident applicants are no longer required to submit a surplus lines tax guarantee bond in the amount of \$20,000;
 - the license or application fee increased from twenty dollars (\$20) to eighty dollars (\$80) for resident producer/business entity applicants; and
 - the license or application fee increased from twenty dollars (\$20) to one-hundred twenty dollars (\$120) for non-resident producer/business entity applicants.

- The Department suggests that you submit your application for renewal and the required attachments between October 31 and December 1 for processing, which allows ample time for processing prior to the expiration.
 - The renewal fee is to be submitted with the surplus lines renewal application and other

- attachments to the Department's address listed above.
- There are no CE Requirements for Surplus Lines, please disregard the CE portion of the renewal form.
- Licenses must be renewed bi-annually by completing a new application and the following:
 - If your state participates in the NAIC's producer database, a certification letter is not required.
 - License fee of twenty dollars (\$80) for resident applicants/one-hundred twenty dollars (\$120) for non-resident applicants, made payable to the Indiana Department of Insurance.
 - If one or more of the background questions is answered "YES" since the last renewal date, and additional documentation is required, please mail to the surplus lines coordinator at the contact information listed above.

REPORTING: All filings should be submitted to the Surplus Lines Coordinator. The required forms are available on the Department's website at <http://www.in.gov/idoi/producers/> under "Applications - Surplus Lines Agent/Broker."

- **Monthly Reporting** – The Monthly Report Affidavit and Monthly Report Excel Spreadsheet must be attached and submitted by the 20th of each month indicating the surplus lines premium written.
 - **Surplus lines producers are no longer required to submit monthly reports and affidavits if no business is written for that particular month.**
 - Monthly reports:
 - should be submitted on the form provided on the Department's website at (<http://www.in.gov/idoi/producers/>) or using the same format on an Excel spreadsheet;
 - should reflect amounts for gross premiums (which include agency fees, policy fees, etc.) written during the given month;
 - must be grouped and sub-totaled by the name of the company business was placed with;
 - must provide a total of gross premiums written and premiums returned;
 - must provide a grand total of premiums written subtracting premiums returned;
 - should reflect the full company name not the group name, and the company's NAIC number;
 - must reflect per policy written, 3 refusals of coverage from admitted companies; and
 - report business written with authorized surplus lines companies. A listing of authorized companies is available through the Department's website at www.in.gov/idoi by clicking on the Insurers box to your left and then clicking on the Companies box to your right. Please scroll down to Surplus Lines Companies. The listing of authorized companies is also available at <http://www.in.gov/cgi-bin/idoi/ssDisplay-2.pl?file=SurplusLines&letter=a>. If the company is not authorized, the Department will send a letter to the producer indicating so.
 - Policy binders or declaration pages are not required.
 - Reports filed by the twentieth are for the prior months' business (e.g. January 2007 report should be filed by February 20, 2007).
 - If a revision is made a revised monthly report must be:
 - filed with the Department;
 - clearly marked "revised";
 - submitted with signatures;
 - accompanied by a cover letter explaining the revision; and
 - accompanied by a revised affidavit with signatures.

- **Semi-annual Tax Reporting** – Indiana’s surplus lines premium tax rate is 2.5% of gross premiums. Surplus lines premium tax is payable semi-annually on or before February 1st and August 1st. **POSTMARK DATES ARE NOT ACCEPTABLE.** If the surplus lines tax payment is not received by the appropriate deadline, a ten percent (10%) penalty will be assessed on any amounts received after the first of the month. In the event the first falls on the weekend, the tax is due on the preceding workday.
 - **Semi-annual tax reports are required even if no business has been written for the past six months.**
 - Premium amounts reported on the tax report should agree with the amounts reported on the monthly reports for the given period. If different, amended reports and affidavits should be submitted for those months being corrected with the tax filing.
 - To calculate the surplus lines taxes due, please multiply the total premiums by (0.025) to calculate the total amount of surplus lines tax due to Indiana.
 - The surplus lines tax due from January through June must be received in our office on or before August 1st.
 - The surplus lines tax due from July through December must be received in our office on or before February 1st.
 - The tax payment is due with the completed tax report by the appropriate deadline.
 - If a revision must be filed, the document should be clearly marked “revised” and must be submitted with original signatures. The revision should be submitted with a cover letter explaining the revision and any additional taxes and/or penalties should be remitted.
 - The semi-annual tax report must list the tax preparer’s information for inquiry purposes.
- **Annual Reporting** – In accordance with Indiana Code 27-1-15.8-4(3), surplus lines producers are required to file the surplus lines company’s annual statement and actuarial opinion by March 31st for evaluation as to whether the company will be authorized as a surplus lines carrier.